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The Aluminum Situation

Department of Economics and Statistics **November 1986**

Shipments Up 0.4 Percent in Nine Months

Total industry net shipments for nine months of 1986, at an estimated 11,705 million pounds, were up 0.4 percent from the first nine months of 1985 total of 11,653 million pounds.

Domestic shipments of 11,044 million pounds were up 3.5 percent from the 1985 nine month total of 10,674 million pounds.

Imports of ingot and mill products were up 43.3 percent and exports were down 32.5 percent.

Thru September 1986

	9 Mos. 1986	9 Mos. 1985	% Change
Mill Products	9,442	9,064	+ 4.2%
Ingot	2,263	2,589	-12.6%
Total	11,705	11,653	+ 0.4%
Less Exports	-661	-979	-32.5%
Domestic Total	11,044	10,674	+ 3.5%

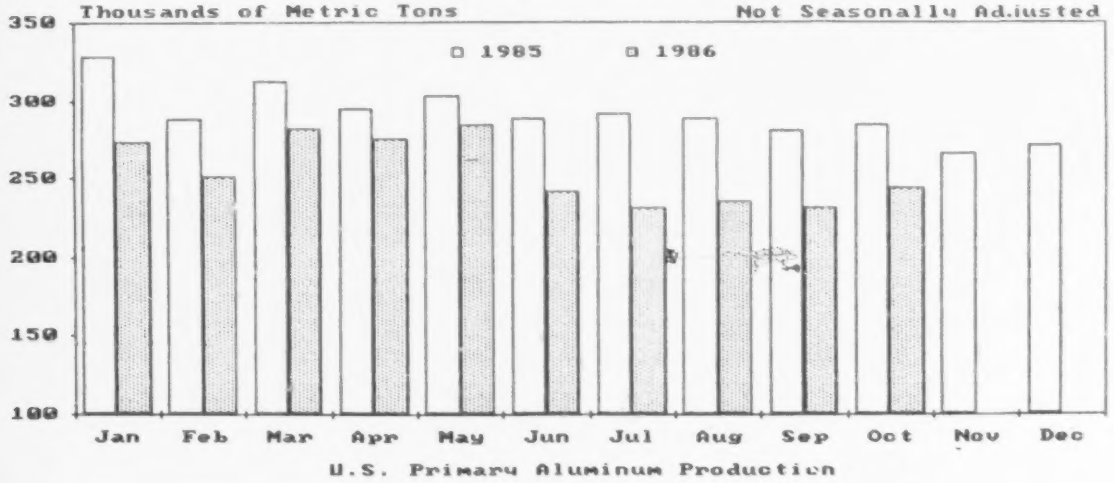
Millions of Pounds
Source: Latest month estimated by the Aluminum Association.
Previous data-Bureau of the Census.

Production Rate Down 14.5 Percent

U.S. primary aluminum production averaged 7,854 metric tons daily during October 1986, compared with and average 9,190 metric tons per day in October 1985.

The annual rate of production in October 1986 was 2,866,698 metric tons, compared to 2,805,998 metric tons in September 1986. The October 1985 annual rate was 3,354,219 metric tons. Actual production in October 1986 was 243,473 metric tons.

Primary Production



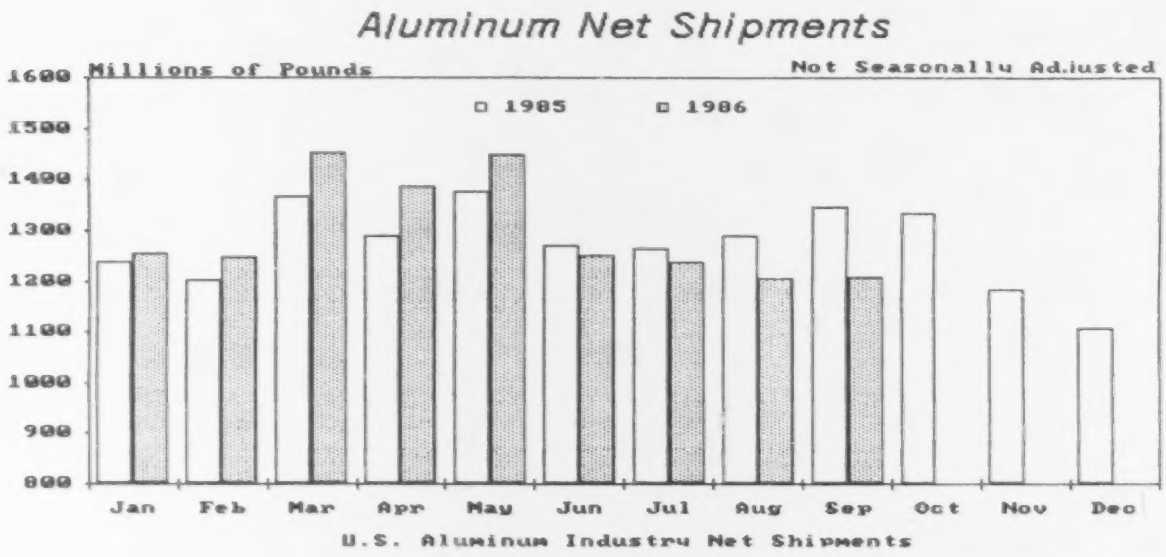
U.S. Primary Aluminum Production

Aluminum Association total industry estimates are based on information reported by members, which is aggregated by the Association and then expanded to total industry data utilizing an expansion ratio that attempts to reflect the relationship of reporters to the total industry. While the Association believes that its statistical procedures and methods are reliable, it does not warrant the accuracy or completeness of the data. All data contained herein are subject to revision.

The Aluminum Situation

Net Shipments Up 0.4 Percent

Estimated total industry net shipments of 11,705 million pounds for nine months of 1986 were up 0.4 percent from the 1985 nine month total of 11,653 million pounds. Exports were down 32.5 percent so domestic shipments showed a 3.5 percent increase over a year ago.



Net Shipments

(Millions of Pounds)

	1986 Sep.	1985 Sep.	1986 9 Mos.	1985 9 Mos.	% Change YTD 1986 vs. 1985
Sheet	510.0	516.9	4,890.5	4,716.8	+ 3.7
Plate	21.0	21.0	189.2	194.9	- 2.9
Foil	73.0	66.8	648.6	610.6	+ 6.2
Rod, Bar & Wire	23.0	21.9	256.5	225.8	+13.6
Electrical Conductor	52.0	53.9	486.9	526.7	- 7.6
Extruded Shapes & Tube**	224.0	219.9	2,058.0	1,970.0	+ 4.5
Powder & Paste	8.0	8.5	75.3	82.9	- 9.2
Forgings & Impacts	12.0	12.7	108.5	112.9	- 3.9
Net Imports of Mill Products (Total)(a)	73.4	86.5	728.1	623.8	+16.7
Total Mill Products	996.4	1,008.1	9,441.6	9,064.4	+ 4.2
Ingot(b)	215.0	342.3	2,263.4	2,588.9	-12.6
TOTAL INDUSTRY SHIPMENTS	1,211.4	1,350.4	11,705.0	11,653.3	+ 0.4
Exports	-73.5	-91.3	-660.9	-978.8	-32.5
TOTAL DOMESTIC SHIPMENTS	1,137.9	1,259.1	11,044.1	10,674.5	+ 3.5

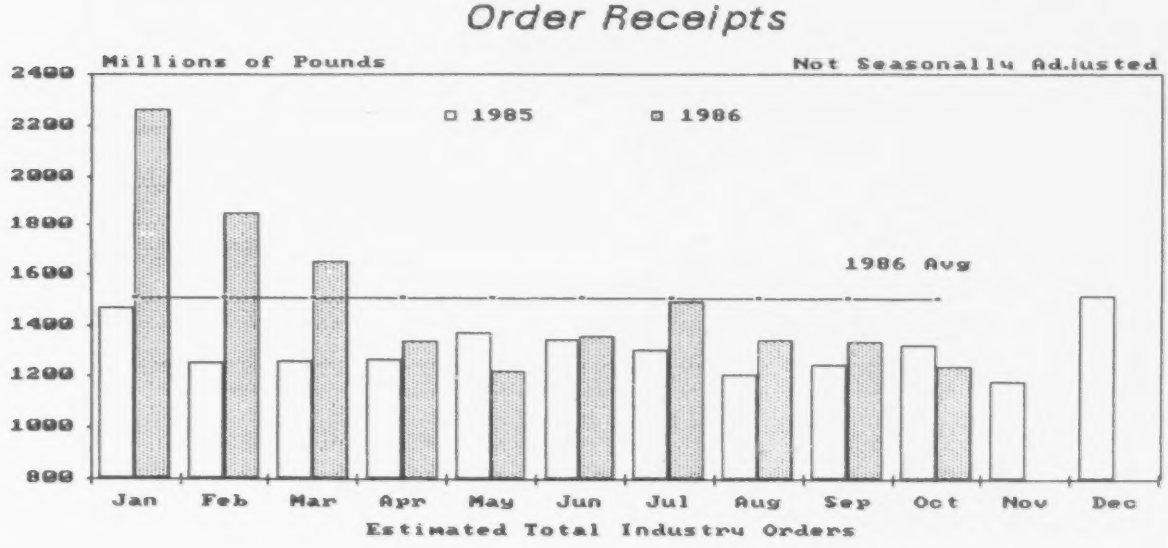
** January-May 1985 shapes and tubes increased to account for unsourced Census revision to total mill products.

*Latest month estimated by the Aluminum Association.
Previous data-Bureau of the Census and Department of Commerce.
(a) Not included in product data above.
(b) Sufficient data not available for reliable estimate. Implicit in this item is a 10 to 25% variation.

Commencing January 1985, Census reports have changed product categories as follows: Rod, Bar and Wire now includes Extruded Rod and Bar; the former Extruded Products now only consists of Shapes and Pipe and Tube; and Welded Tube has been dropped.

Net New Orders Up 15.6 Percent

Estimated net new order receipts for ten months of 1986 at 15,092 million pounds were up 15.6 percent over the first ten months of 1985 total of 13,052 million pounds. October orders of 1,240 million pounds were 6.3 percent below October a year ago.



Order Receipts

(Millions of Pounds)

	1986 Oct.	1985 Oct.	1986 10 mos.	1985 10 mos.	% Change YTD 1986 vs. 1985
Can Stock(a)	138.9	203.2	2,898.8	2,702.8	+ 7.3
Sheet & Plate, Other	315.3	346.1	3,296.0	3,404.9	- 3.2
Foil	74.7	65.9	744.3	619.1	+20.2
Rod, Bar & Wire	19.8	21.4	265.1	173.0	+53.2
Electrical Conductor	51.5	49.4	566.3	580.6	- 2.4
Extruded Products	236.1	248.8	2,387.4	2,134.1	+11.9
Powder & Paste	4.0	13.7	65.7	108.2	-39.3
Forgings & Impacts	13.3	9.2	96.1	97.0	- 0.9
Domestic Mill Products	853.6	957.7	10,319.9	9,819.7	+ 5.1
Ingot (Total)	316.9	282.6	4,107.8	2,387.0	+72.1
TOTAL DOMESTIC	1,170.5	1,240.3	14,427.7	12,206.7	+18.2
Exports	69.3	83.0	664.1	845.7	-21.5
TOTAL ALL PRODUCTS	1,239.8	1,323.3	15,091.8	13,052.4	+15.6

Source: The Association estimates total industry orders (including orders for imports), based on weekly reports by members of new orders (less cancellations) received. The Association expands these data to total industry utilizing an expansion ratio that attempts to reflect the relationship of reporters to the total industry. Weekly data are available upon request.
(a) Domestic only. Orders for imports of can stock are included in Sheet and Plate, Other.
*Latest month.

September 1986 Inventories Decreased 65 Million Pounds

Producer inventories decreased an estimated 65 million pounds in September 1986 from a revised August level of 5,063 million pounds.

Month-End Aluminum Inventories
By Type of Producer
Figures in Millions of Pounds

Month	Total*	Integrated	Smelters	Non-Integrated
Dec 82	6,180	5,224	216	740
Dec 83	4,994	3,979	163	853
Dec 84	5,850	4,692	229	929
Month	**Total***	**Ingot**	**Scrap**	**All Other**
Jan 86	5,161	2,167	561	2,433
Feb 86	5,158	2,038	562	2,558
Mar 86	5,054	1,865	521	2,668
Apr 86	5,097	1,795	560	2,743
May 86	5,045	1,840	591	2,614
Jun 86	5,043	1,959	614	2,471
Jul 86	5,084r	1,998r	625r	2,461r
Aug 86	5,063r	2,068r	619r	2,375r
Sep 86	4,998	2,008	630	2,360

*Latest month estimated by Aluminum Association. Previous data-Bureau of the Census. Inventories include ingot, mill products and scrap.
Early estimates are available approximately the 5th working day each month; however; there is a charge for this special service. Contact the Aluminum Association Department of Economics and Statistics for details.

Imports and Exports

(Millions of Pounds)

		1986 Sep.	1985 Sep.	1986 9 Mos.	1985 9 Mos.	% Change 1986 vs. 1985
Imports	Mill Products	77.4	102.1	824.8	779.7	+ 5.8
	Ingot	207.3	205.8	2,364.3	1,445.4	+ 63.6
	Total	284.7	307.9	3,189.1	2,225.1	+ 43.3
	Scrap (+ dross)	29.5	32.0	269.9	195.4	+ 38.1
	Grand Total	314.2	339.9	3,459.0	2,420.5	+ 42.9
Exports	Mill Products	37.5	32.1	331.2	329.2	- 0.6
	Ingot	36.0	59.2	329.6	649.7	- 49.3
	Total	73.5	91.3	660.8	978.9	- 32.5
	Scrap	54.2	71.0	567.2	655.3	- 13.4
	Grand Total	127.7	162.3	1,228.0	1,634.2	- 24.9
Net Imports		186.5	177.6	2,231.0	786.3	+183.7

Source: Department of Commerce, Industry Trade Administration and Bureau of the Census. Excludes backed foil.